

AMENDED IN ASSEMBLY JUNE 20, 2000

AMENDED IN SENATE JANUARY 4, 2000

AMENDED IN SENATE APRIL 27, 1999

AMENDED IN SENATE APRIL 13, 1999

SENATE BILL

No. 165

Introduced by Senator ~~Rainey~~ Alarcon

**(~~Coauthors: Senators Alpert, Brulte, Karnette, McPherson,~~
~~Perata, and Poochigian~~)**

**(~~Coauthors: Assembly Members Ackerman, Longville, and~~
~~Maddox~~)**

(*Coauthor: Senator Murray*)

**(*Coauthors: Assembly Members McClintock, Scott,*
Villaraigosa, and Wildman)**

January 11, 1999

~~An act relating to local government finance. An act to add Sections 50075.1, 50075.3, and 50075.5 to, and to add Article 1.5 (commencing with Section 53410) to Chapter 3 of Part 1 of Division 2 of Title 5 of, the Government Code, relating to local agency finance.~~

LEGISLATIVE COUNSEL'S DIGEST

SB 165, as amended, Rainey. Local government finance: ~~property tax revenue allocation~~ *special taxes.*

Existing law specifies a procedure for the legislative body of a city, county, or district to propose to the voters an ordinance or resolution to adopt a special tax pursuant to constitutional requirements.

This bill would enact the Local Agency Special Tax and Bond Accountability Act, which would require that any local special tax measure subject to voter approval contain a statement indicating the specific single purpose of the special tax, require that the proceeds of the special tax be applied to that purpose, require the creation of a trust fund into which the proceeds shall be deposited, and require an annual report containing specified information concerning the use of the proceeds. The bill would impose similar accountability requirements with respect to any local bond measure that is subject to voter approval that would provide for the sale of bonds by a local agency.

~~Existing property tax law requires the county auditor, in each fiscal year, to allocate property tax revenue to local jurisdictions in accordance with specified formulas and procedures, and generally requires that each jurisdiction be allocated an amount equal to the total of the amount of revenue allocated to that jurisdiction in the prior fiscal year, subject to certain modifications, and that jurisdiction's portion of the annual tax increment, as defined. Existing property tax law also reduces the amounts of ad valorem property tax revenue that would otherwise be annually allocated to the county, cities, and special districts pursuant to these general allocation requirements by requiring, for purposes of determining property tax revenue allocations in each county for the 1992-93 and 1993-94 fiscal years, that the amounts of property tax revenue deemed allocated in the prior fiscal year to the county, cities, and special districts be reduced in accordance with certain formulas. It requires that the revenues not allocated to the county, cities, and special districts as a result of these reductions be transferred to the Educational Revenue Augmentation Fund in that county for allocation to school districts, community college districts, and the county office of education.~~

~~This bill would state the intent of the Legislature to respond to respond to the issues raised by the case of County of Sonoma, et al. v. Commission on State Mandates, et al. (Case No. SCV-221243) in the Superior Court for the County of Sonoma.~~

Vote: majority. Appropriation: no. Fiscal committee: no.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 ~~SECTION 1.—The Legislature hereby finds and~~

2 *SECTION 1. (a) This act shall be known and may be*
3 *cited as the Local Agency Special Tax and Bond*
4 *Accountability Act.*

5 *(b) The Legislature finds and declares that the*
6 *California Constitution requires the voters of local*
7 *agencies to approve the levy of special taxes and many*
8 *forms of bonded indebtedness. These special taxes and*
9 *bonds can be important sources of funding for local*
10 *agencies' public facilities and public services. Earning the*
11 *voters' confidence to support special taxes and bonds*
12 *requires local agencies to demonstrate to the voters that*
13 *they spend these funds on the intended facilities and*
14 *services.*

15 *(c) The Legislature further finds and declares that the*
16 *procedures for local agencies to obtain voter approval of*
17 *special taxes and bonded indebtedness affect the general*
18 *welfare of all Californians. Accordingly, the Legislature*
19 *finds and declares that the procedures created by this act*
20 *constitute an issue of statewide concern and not merely*
21 *a municipal affair. Therefore, the Legislature intends that*
22 *the procedures created by this act shall apply to all local*
23 *agencies, including charter cities.*

24 *SEC. 2. Section 50075.1 is added to the Government*
25 *Code, to read:*

26 *50075.1. On or after January 1, 2001, any local special*
27 *tax measure that is subject to voter approval that would*
28 *provide for the imposition of a special tax by a local*
29 *agency shall provide accountability measures that*
30 *include, but are not limited to, all of the following:*

31 *(a) A statement indicating the specific single purpose*
32 *of the special tax.*

33 *(b) A requirement that the proceeds be applied only*
34 *to the specific purpose identified pursuant to subdivision*
35 *(a).*

1 (c) *The creation of a trust fund into which the*
2 *proceeds shall be deposited.*

3 (d) *An annual report pursuant to Section 50075.3.*

4 SEC. 3. *Section 50075.3 is added to the Government*
5 *Code, to read:*

6 50075.3. *The chief fiscal officer of the levying local*
7 *agency shall file an annual report with its governing body*
8 *within three months of the end of the local agency's fiscal*
9 *year. The annual report shall contain both of the*
10 *following:*

11 (a) *The amount of funds collected and expended.*

12 (b) *The status of any project required or authorized to*
13 *be funded as identified in subdivision (a) of Section*
14 *50075.1.*

15 SEC. 4. *Section 50075.5 is added to the Government*
16 *Code, to read:*

17 50075.5. *As used in this article:*

18 (a) *"Local agency" means any county, city, city and*
19 *county, including a charter city or county, or any special*
20 *district.*

21 (b) *"Special district" means an agency of the state,*
22 *formed pursuant to general law or a special act, for the*
23 *performance of governmental or proprietary functions,*
24 *with limited geographic boundaries, including, but not*
25 *limited to, a school district and a community college*
26 *district.*

27 (c) *"Special tax" means any tax imposed for specific*
28 *purposes.*

29 SEC. 5. *Article 1.5 (commencing with Section 53410)*
30 *is added to Chapter 3 of Part 1 of Division 2 of Title 5 of*
31 *the Government Code, to read:*

32
33 Article 1.5. Bond Accountability

34
35 53410. *On or after January 1, 2001, any local bond*
36 *measure that is subject to voter approval that would*
37 *provide for the sale of bonds by a local agency shall*
38 *provide accountability measures that include, but are not*
39 *limited to, all of the following:*

1 (a) A statement indicating the specific single purpose
2 of the bond.

3 (b) A requirement that the proceeds be applied only
4 to the specific purpose identified pursuant to subdivision
5 (a).

6 (c) The creation of a trust fund into which the
7 proceeds shall be deposited.

8 (d) An annual report pursuant to Section 53411.

9 53411. The chief fiscal officer of the issuing local
10 agency shall file an annual report with its governing body
11 within three months of the end of the local agency's fiscal
12 year. The annual report shall contain all of the following:

13 (a) The amount of funds collected and expended.

14 (b) The status of any project required or authorized to
15 be funded as identified in subdivision (a) of Section 53410.

16 53412. As used in this article:

17 (a) "Local agency" means any county, city, city and
18 county, including a charter city or county, or any special
19 district.

20 (b) "Special district" means an agency of the state,
21 formed pursuant to general law or a special act, for the
22 performance of governmental or proprietary functions,
23 with limited geographic boundaries, including, but not
24 limited to, a school district and a community college
25 district.

26 (c) "Bond" means any bonded indebtedness
27 regardless of state law or charter that requires voter
28 approval, including, but not limited to, general obligation
29 bonds, revenue bonds, and bonds issued pursuant to the
30 Mello-Roos Community Facilities Act (Chapter 2.5
31 (commencing with Section 53311)).

32 ~~declares that it is the intent of the Legislature to respond~~
33 ~~to the issues raised by the case of County of Sonoma, et al.~~
34 ~~v. Commission on State Mandates, et al. (Case No.~~
35 ~~SCV-221243) in the Superior Court for the County of~~
36 ~~Sonoma.~~